SASKATCHEWAN

Report to the Legislative Assembly of Saskatchewan on the Financial Statements of Crown Agencies for Years Ending in the 2002 Calendar Year

April 2003

Office of the Provincial Auditor

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We envision effective, open and accountable government.

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We serve the people of Saskatchewan through the Legislative Assembly by fostering excellence in public sector management and accountability.

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SASKATCHEWAN

April 21, 2003

The Honourable P. Myron Kowalsky
Speaker of the Legislative Assembly
Room 129, Legislative Building
REGINA, Saskatchewan
S4S 0B3

Dear Sir:

I have the honour to submit my *Report to the Legislative Assembly of Saskatchewan on the Financial Statements of Crown Agencies for Years Ending in the 2002 Calendar Year* in accordance with the provisions of Section 14 of *The Provincial Auditor Act*.

Respectfully submitted,

Fred Wendel, CMA, CA
Provincial Auditor

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Report on the Financial Statements of Crown Agencies for Years Ending in the 2002 Calendar Year

Purpose 1

Background 1

Results 2

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Purpose

The purpose of this Report is to inform the Legislative Assembly (Assembly) of our Office's views on the financial statements of Crown agencies whose accounts are audited by appointed auditors, for years ending in the calendar year ending December 31, 2002. This Report does not include our views on the financial statements of Crown Investments Corporation of Saskatchewan (CIC), its subsidiaries, and other related entities. We provide our views on CIC, its subsidiaries, and other related entities to the Assembly in a separate report entitled the *Report to the Legislative Assembly of Saskatchewan on the 2002 Financial Statements of CIC Crown Corporations and Related Entities.*

Background

The Assembly allows the Government to appoint auditors (appointed auditors) to examine and report on certain Crown agencies. The Provincial Auditor, however, retains overall responsibility for the audits of all Crown agencies.

In June 1994, the *Report of the Task Force on Roles, Responsibilities and Duties of Auditors* (Task Force) (to view a copy of this report, see our website at http://www.auditor.sk.ca/rrd.html) recommended how the audit system for CIC and its subsidiary Crown corporations could function more efficiently and effectively. In April 1995, Treasury Board decided that all Crown corporations and agencies should comply with the Task Force's recommendations. Our Office, Crown agencies, and appointed auditors use the Task Force's recommendations to better serve the needs of the Assembly.

To ensure the Assembly is informed of our Office's participation in the audits of Crown agencies, the Task Force recommended we provide to the Assembly a report listing those agencies in whose audits we participated.

The objectives of each audit, as agreed with the appointed auditors, are to form the following opinions and to report the results to the Assembly.

- An opinion on the rules and procedures used by the agency to safeguard and control its assets and to ensure compliance with authorities pertaining to it. The audit is limited to those authorities relating to financial reporting, safeguarding assets, revenue raising, spending, borrowing, and investing activities.

- An opinion on the agency's compliance with those authorities.

- An opinion on the reliability of the agency's financial statements.

Our 2002 Fall Report – Volume 2 reported the results of these audits for audits completed by November 1, 2002. We will report the results of the remaining audits in 2003. The appointed auditors' reports on the reliability of Crown agencies' financial statements are attached to the respective agencies' financial statements.

The Government's summary financial statements include the financial results of all Crown agencies controlled by the Government. *Public Accounts 2001-02: Volume 1: Main Financial Statements* includes my auditor's report on the Government's statements for the year ended March 31, 2002.

Results

We participated in all audits of Crown agencies, except as noted below.

- SaskPen Properties Ltd. did not allow our Office to participate in the audit of this agency.

- We did not participate in the audits of Chicken Farmers of Saskatchewan, Saskatchewan Alfalfa Seed Producers' Development Commission, Saskatchewan Broiler Hatching Egg Producers' Marketing Board, Saskatchewan Egg Producers, Saskatchewan Flax Development Commission, Saskatchewan Pulse Crop Development Board, Saskatchewan Sheep Development Board, and Saskatchewan Turkey Producers' Marketing Board. In 1999, the Department of Agriculture, Food and Rural Revitalization and our Office agreed that the most efficient way for our Office to examine these smaller agricultural

marketing and development agencies would be to work through the Agricultural and Food Products Development and Marketing Council (Council). As part of our audit of the Department, we examine the supervisory work carried out by the Council regarding the financial statements of these agencies and the rules and procedures to safeguard and control their assets and to comply with legislative authorities.

- We did not participate in the audit of the Saskatchewan Trade and Export Partnership Inc. (STEP). In 1999, the Department of Industry and Resources and our Office agreed, as part of the annual audit of the Department, that we would examine the supervisory work carried out by the Department over STEP.

- Previously, we reported that when district health boards have their basic financial management issues in hand, we would rotate our financial audits, i.e., we would not audit every district health board each year. Many districts had sound financial systems. Accordingly, in 2002, we only participated in the audits of nine of the thirty-one district health boards audited by appointed auditors. For 2003, we are involved in the audits of all 12 regional health authorities.

- Previously, we reported that when regional colleges have their basic financial management issues in hand, we would rotate our financial audits, i.e., we would not audit every regional college each year. Many colleges have sound financial systems. Accordingly, in 2002, we only participated in the audits of three of the eight regional colleges.

In our opinion, for all audits we participated in and completed our work by the date of this Report, the financial statements are reliable, except for:

- Saskatchewan Agricultural Stabilization Fund (Fund). The Fund's financial statements are not reliable because the Fund did not properly record transfers from the General Revenue Fund. For further information on this issue, see Chapter 13 of our 2002 Fall Report – Volume 2.

- Operator Certification Board (Board). We were unable to determine if the Board's financial statements were reliable because the Board does not have adequate rules and procedures to ensure it records all the revenue it receives. For further information on this issue, see Chapter 14 of our 2002 Fall Report – Volume 2.

The following table lists all Crown agencies whose accounts are audited by appointed auditors, names the appointed auditor, sets out the agency's year-end date, shows if we participated in the audit of the agency, and sets out if the agency's financial statements are reliable.

Our 2002 Fall Report – Volume 2 reported on the rules and procedures used by Crown agencies to safeguard and control their assets and the agencies' compliance with authorities for audits completed by November 1, 2002. We will report the results of the remaining audits in 2003.

Crown Agency	Appointed Auditor	Year-end Date	Participated in Audit	Financial Statements are Reliable
Agricultural Credit Corporation of Saskatchewan	PricewaterhouseCoopers LLP	March 31, 2002	Yes	Yes
Assiniboine Valley District Health Board	Parker Quine	March 31, 2002	Rotational	N/A
Battlefords District Health Board	Eaket Menssa Baert Cameron	March 31, 2002	Yes	Yes
Carlton Trail Regional College	E.J.C. Dudley & Co.	June 30, 2002	Rotational	N/A
Central Plains District Health Board	Deloitte & Touche LLP	March 31, 2002	Rotational	N/A
Chicken Farmers of Saskatchewan	Meyers Norris Penny LLP	December 31, 2002	No	N/A
Community Initiatives Fund (formerly, Associated Entities Fund)	Virtus Group LLP	March 31, 2002	Yes	Yes
Crop Reinsurance Fund of Saskatchewan	KPMG LLP	March 31, 2002	Yes	Yes
Cumberland Regional College	Neumann & Neumann	June 30, 2002	Rotational	N/A
Cypress Hills Regional College	Meyers Norris Penny LLP	June 30, 2002	Rotational	N/A
East Central District Health Board	Parker Quine	March 31, 2002	Yes	Yes
First Nations Fund	KPMG LLP	March 31, 2002	Yes	Yes
Gabriel Springs District Health Board	Twigg & Company	March 31, 2002	Rotational	N/A
Greenhead District Health Board	Close Perkins & Hauta	March 31, 2002	Rotational	N/A
Keewatin Yatthé District Health Board	Deloitte & Touche LLP	March 31, 2002	Rotational	N/A
Living Sky District Health Board	Meyers Norris Penny LLP	March 31, 2002	Rotational	N/A
Lloydminster District Health Board	Wilkinson Livingston Stevens	March 31, 2002	Rotational	N/A
Mamawetan Churchill River District Health Board	Meyers Norris Penny LLP	March 31, 2002	Rotational	N/A
Métis Development Fund *	Deloitte & Touche LLP	December 31, 2001	Yes	Yes
Métis Development Fund	Deloitte & Touche LLP	December 31, 2002	Yes	Yes
Midwest District Health Board	KPMG LLP	March 31, 2002	Rotational	N/A
Moose Jaw-Thunder Creek District Health Board	Robert A. Tiede, CA	March 31, 2002	Yes	Yes
Moose Mountain District Health Board	Meyers Norris Penny LLP	March 31, 2002	Rotational	N/A
Municipal Financing Corporation of Saskatchewan	E.J.C. Dudley & Co.	December 31, 2002	Yes	Yes
Municipal Employees' Pension Commission *	KPMG LLP	December 31, 2001	Yes	Yes
Municipal Employees' Pension Commission	KPMG LLP	December 31, 2002	Yes	**
North Central District Health Board	Meyers Norris Penny LLP	March 31, 2002	Yes	Yes
North-East District Health Board	Deloitte & Touche LLP	March 31, 2002	Rotational	N/A
Northlands College	Meyers Norris Penny LLP	June 30, 2002	Rotational	N/A

Report on the Financial Statements of Crown Agencies for Years Ending in the 2002 Calendar Year

Crown Agency	Appointed Auditor	Year-end Date	Participated in Audit	Financial Statements are Reliable
North Valley District Health Board	Skilnick Robertson Besler Miller & Co.	March 31, 2002	Rotational	N/A
Northwest District Health Board	Deloitte & Touche LLP	March 31, 2002	Rotational	N/A
North West Regional College	Downie, Johnson, Svenkeson	June 30, 2002	Yes	Yes
Operator Certification Board	Mintz & Wallace	March 31, 2002	Yes	***
Parkland District Health Board	Deloitte & Touche LLP	March 31, 2002	Rotational	N/A
Parkland Regional College	Skilnick Robertson Besler Miller & Co.	June 30, 2002	Yes	Yes
Pasquia District Health Board	Neumann & Neumann	March 31, 2002	Rotational	N/A
Pipestone District Health Board	Meyers Norris Penny LLP	March 31, 2002	Rotational	N/A
Prairie West District Health Board	Jensen Stromberg	March 31, 2002	Yes	Yes
Prairie West Regional College	Gilchrist & Co.	June 30, 2002	Rotational	N/A
Prince Albert District Health Board	Meyers Norris Penny LLP	March 31, 2002	Yes	Yes
Public Employees' Pension Plan	KPMG LLP	March 31, 2002	Yes	Yes
Rolling Hills District Health Board	Stark & Marsh	March 31, 2002	Rotational	N/A
Saskatchewan Agricultural Stabilization Fund	KPMG LLP	March 31, 2002	Yes	No
Saskatchewan Alfalfa Seed Producers' Development Commission	Hergott Duval Stack & Partners	July 31, 2002	No	N/A
Saskatchewan Broiler Hatching Egg Producers' Marketing Board	Meyers Norris Penny LLP	December 31, 2002	No	N/A
Saskatchewan Communications Network Corporation	Virtus Group LLP	March 31, 2002	Yes	Yes
Saskatchewan Crop Insurance Corporation	KPMG LLP	March 31, 2002	Yes	Yes
Saskatchewan Egg Producers	E. J.C. Dudley & Co.	December 31, 2002	No	N/A
Saskatchewan Flax Development Commission	Merv Culham, CA	July 31, 2002	No	N/A
Saskatchewan Grain Car Corporation	Skilnick Robertson Besler Miller & Co.	July 31, 2002	Yes	Yes
Saskatchewan Housing Corporation	KPMG LLP	December 31, 2002	Yes	Yes
Saskatchewan Lotteries Trust Fund for Sport, Culture, and Recreation	Virtus Group LLP	March 31, 2002	Yes	Yes
Saskatchewan Pension Plan	Deloitte & Touche LLP	December 31, 2002	Yes	Yes
Saskatchewan Property Management Corporation	Deloitte & Touche LLP	March 31, 2002	Yes	Yes
Saskatchewan Pulse Crop Development Board	Hergott Duval Stack & Partners	August 31, 2002	No	N/A
Saskatchewan Sheep Development Board	Lorne Horning, CA	September 30, 2002	No	N/A
Saskatchewan Trade & Export Partnership Inc.	KPMG LLP	March 31, 2002	No	N/A

Crown Agency	Appointed Auditor	Year-end Date	Participated in Audit	Financial Statements are Reliable
Saskatchewan Turkey Producers' Marketing Board	Hergott Duval Stack & Partners	December 31, 2002	No	N/A
Saskatchewan Wetland Conservation Corporation	PricewaterhouseCoopers LLP	March 31, 2002	Yes	Yes
Saskatoon District Health Board	KPMG LLP	March 31, 2002	Yes	Yes
SaskPen Properties Ltd.	Deloitte & Touche LLP	December 31, 2002	Access Denied	N/A
Sask Pork	Deloitte & Touche LLP	July 31, 2002	Yes	Yes
South Central District Health Board	Meyers Norris Penny LLP	March 31, 2002	Yes	Yes
South Country District Health Board	Stark & Marsh	March 31, 2002	Rotational	N/A
South East District Health Board	Matchett, Potts & Seipp	March 31, 2002	Rotational	N/A
Southeast Regional College	Dillon, Hillstead, Melanson Consulting Group	June 30, 2002	Yes	Yes
Southwest District Health Board	Stark & Marsh	March 31, 2002	Rotational	N/A
Swift Current District Health Board	Stark & Marsh	March 31, 2002	Yes	Yes
Touchwood Qu'Appelle District Health Board	Mintz & Wallace	March 31, 2002	Rotational	N/A
Twin Rivers District Health Board	Wilkinson Livingston Stevens	March 31, 2002	Rotational	N/A
Workers' Compensation Board *	Deloitte & Touche LLP	December 31, 2001	Yes	Yes
Workers' Compensation Board	Deloitte & Touche LLP	December 31, 2002	Yes	Yes
Workers' Compensation Board Superannuation Plan	Deloitte & Touche LLP	December 31, 2002	Yes	Yes

* The audit is included in this schedule because the audit was not finished in time for last year's Report.

** Audit of financial statements not finished at the date of this Report.

*** We were unable to determine if the Board's financial statements were reliable because the Board does not have adequate rules and procedures to ensure it records all the revenue it receives.